somewhere, we take care of them from this security deposit amount. Whenever complaints are coming to us, we certainly enquire into and compensate them from the security amount.

MR. CHAIRMAN: Next Question No. 24. Honourable Member absent. Next Question No. 25.

*24. [*The questioner (Shri Rajni Ranjan Sahu) was absent. For answer* vide *cols* 33 *infra*]

Unearthing of massive frauds by Bank Officials

*25. SHRI BISWA GOSWAMI:†

SHRI SATYA PRAKASH MALAVIYA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that massive frauds by bank officials were unearthed following countrywide raids conducted by the Central Bureau of Investigation at the residences of senior officers of nationalised banks during the last three months;

(b) if so, what is the nature of the frauds unearthed and the incriminating documents seized; and

(c) what action has been taken against the corrupt officials on the basis of the CBI inquiry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (c) A Statement is laid on the Table of the House.

Statement

It is reported that as a result of investigation of cases by various branches of the C.B.I. against bank officials and private persons|firms for alleged conspiracy to defraud the [illegible] banks by showing undue favours to private persons|parties in connection with grant of loans|overdrafts, forgery, possession of assets disproportionate to known sources of income, cheating, criminal misconduct etc., searches has been carried out at the residences|office premises of 60 present and former bank officials during November 1985 to January 1986. During the searches, a large number of incriminating documents pertaining to financial transactions concerning investment in movable/immovable/properties, illegal grant of loans|overdraft facilities etc. were recovered. These documents are under scrutiny.

In addition, the following amounts of movable|immovable items were unearthed in course of the searches:

(1) Cash, bank balances, FDRS, NSCs, Bearer Bonds, etc.	Rs. 24,11,260/- approx.
(2) Movable assets like jewellery, imported VCRs, TVs, costly electrical gadgets, etc.	Rs. 24,74,255/- approx.
(3) Immovable assets like houses, plots in posh localities, land, etc.	Rs. 49,32,447/- approx.

The C.B.I. investigations are in progress. After completion of investigations by the CBI, action against the bank officials involved in offences would be taken

SHRI BISWA GOSWAMI: Sir, the CBI has enquired into only a few cases of bank frauds. Sir, the Estimate Committee in its Report said that in 1978 there were only 1,422 cases of bank fraud involving Rs. 7.38 crores. In 1982, the figures had gone up to 2,068 cases involving Rs. 19.53

†The question was actually asked on the floor of the House by Shri Biswa Goswami

crores. According to the statistics compiled by the Department' of Bank in the Ministry of Finance, over 10,000 cases of bank fraudg involving Rs.. 150 crores have been reported by the 28 public sector bs-nks to the Reserve Bank of India. So. it is clear that the bank frauds are on the increase, i want to know from the HOBODfable Minister as to what concrete I he Government has taken to prevent tlese bank frauds? Whether the Government has prosecuted any person so far. Whether any person has been punished for this type of fraudulent activity?

SMRl JANARDHAN POOJARI: Sir. it is true thai ag per the statistics also it is increasing. There is a spectacular exol' the banki ig sector. Now. we have » aboul 52,005 branches employing e than 7.24,000 employees. Sir. I agree that it is the duty of the Government, the managemcr" tnd the Reserve Bank of India to see that whenever frauds are committed these are brought to surface and 'hose peonle who are responsible for these frauds 're booked immediatly. Sir. we are taking action in this regard. Perhaps hon. Member might he knowing on the 31st January, 1986 about 52 houses of bank officers have been raided and action is being taken. In my main reply also T have stated about the action being taken is this regard.

The number of employees who were convicted it 1985 were 27. And the number of employees who were given major aid minor penalties were 387. Out of this, the number of employees who were dismissed or removed from the service v«re 187. So we arc strengthening the vigilance machinery and also a number of steps being taken. This is the' re ul of the action we have taken so Ear.

SHRI VISHWANATH PRATAP SINGH. Sir, only one thing I want to point out. The hon. Member has said just TIOV that according to the statistics compiled by the Department of Bank in the Ministry of Finance were over 10,000 cases. But according to my information the number of fraud cases committed in 1985 were 2,189.

SHRJ JASWANT SINGH; Does it give you any satisfaction?

SHRI VISHWANATH PRATAP SINGH; I am just correcting the number. I am not saying it is a matter of satis! tion.

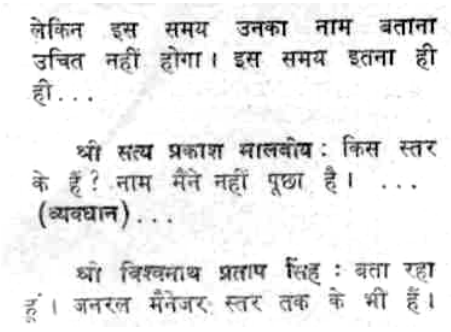
MR. CHAIRMAN; Second supplementary. Mr. Biswa Goswami.

SHRI BISWA GCSvSAMl: Sir. there are various methods.which are adopted fraud';. In the case of adv. to sick industries also there are frauds. Therefore, I would like to know whether the Government thinks that it is due to procedural defects in th; Banking System, these things if so, what steps (he Government propose to take to rectify the procedural defects.

SHRI JANARDHAN POOJARI: Sir, we have a Cell in the Reserve Bar.! India which monitors mainly these frauds. A cell for monitoring sickness has been instituted. So, signals come there. As to how to curb these *I* my procedural defects like reconciliation of accounts etc. which were pending h been expedited and many in-house practices negligence of which lead to opening up of frauds are being tightened up.

श्री सत्य प्रकाश मालवीय : मान्यवर नवम्बर, 1985 और जनवरी, 1986 के बीच में जो 60 वर्तमान और भूतपूर्व बैंक अधिकारियों के घरों की तलाशी ली गई उस संदर्भ में मैं जानना चाहता हूं कि कितने ऐसे अधिकारी हैं जो अभी भी काम कर रहे हैं, वे किस स्तर के हैं और उनको निलम्बित किया गया है या नहीं किया गया है ?

श्री विश्वनाथ प्रताप सिंह : कई लोगों को निलम्बित किया गया है और उनके खिलाफ एफ० आई० आर० लाज किये गए हैं तथा और भी ऐक्शन लिये गए


लेकिन इस समय उनका नाम बताना उचित नहीं होगा। इस समय इतना ही ही...

श्री सत्य प्रकाश मालवीय : किस स्तर के हैं? नाम मैंने नहीं पूछा है। ... (व्यवधान)...

श्री विश्वनाथ प्रताप सिंह : बता रहा हूं। जनरल मैनेजर स्तर तक के भी हैं।

SHRI JAGESH DESAI: Mr. Chairman, Sir. they have raided the houses and office of several banks officials and from the data available from them, whether the Government is going to scrutinise the methods and ways by which these frauds B committed and a study will be made about them and proper steps will he taken and instructions will be issued to the Banking Management so that these types of frauds cannot be committed iu future. Secondly, whether these raids which are being conducted and being done the department will send it to the In come Tax Department and whether the cases of raids will be scrutinised at the level of the highest officer i.e. the Ins-' pectin;- Commissioner of Income Tax who is vped with konwledge and Expe ths and the am-ount of fraud committed can come on the-

SHRI JANARDHAN POOJARI. Sir, monitoring of fraud cases is a continu ous id in fact. Reserve Bank is looking into that. The RBI is circulating cases of new types of frauds. Instruc tions and guidelines are also being issued to the Banking Sector, to the Bank ng Management so far as the scrutiny and Other things are concerned, on the highest level, it is being done and in fact, if there is any issue pertaining to taxation and other things(such- offences are also being looked into.

SHRI GURUDAS DAS GUPTA: Sir. is the Minister aware that the employees union of Bank of Baroda, affiliated to AIBEA had complained in a circular that a leading officer of that Bank, who had detected a big fraud two years back was I transferred from that particular, cell, out of Calcutta and from out of that Cell and when the union intervened and had a talk, when the transfer was reversed but the man, who has detected the fraud not put in-charge of that Cell, who had defected it ? . If the Minister. is not aware will he assure me investigation into the matter if I place papers before him?

SHR1 JANARDHAN POOJARI; Sir, if the Hon'ble Member the pape-s to me, definitely, we are going to look in to it and nobody will be spared.

SHRI V1THALRAO MADHAVRAO JADHAV: Sir, I would like to congratulate the Minister who has tried his level best to root- out tr>e corruption from Banks but at the same time, I would like to lask that ihere are so many corruption . from the banks in the small scale industrial units. Particularly this is so in the case of th- loans riven to entrepreneurs under the educated employment scheme. A lara- number of units have gone sick. I know from my place that the working capital is not given in an easy w:y unless the bank officials who id. Due nail-scale ry have cone sick. So T would like to ask the hon. Minister: h the Ministry that due to corruption and the co qu»nt sickness among the small-scale in- . dustries, our industrial progress has a big set-back?

SHRI VISHWANATH PRATAp SINGH: Sir, so far as the sickn».s3 of small-scale industries is concerned, there may be various factors which cause sickness. So far as corruption is conc>5 rted, we are determined to root it out. Wherever information comes, we do act.

SHRr JASWANT SINGH; Mr. Chairman. Sir, banking is all about confidentiality and trust, and when the hon. Minister of Finance got up 10 inform the House that he is satisfied that the cases of fraud number only 2,00') and IK>' as the hon. Member...

SHRI VISHWANATH PRATAP SINGH: I did not say 'l am satisfied'.

SHRI JASWANT siNGH: I am *H-ved to hear that he i_s not satisfied. He is not satisfied with the fact that 2,000 oases of fraud have taken place in the nationalised batiks, with whose reponsi-biliiy the Government is entrusted. 1 would, t like to ask the Minis-ter; firstly, in thi_s category of 2,000, what does he precisely treat as fraud? You are using the word 'fraud' and we have consistently used the word 'fraud'. What is your definition of fraud'. Are inefficient banking practices also fraud? Are $loan_s$ to people like Sethia and other also O_r is it that these have been excluded from the figures VOLI bave gi-ven here? Secondly, I am given to un-derstand that the cost of banking opera-nationalise banks in India is the highest anywhere in the world. Now I am not asking about the cost of banking operations in the country. But of that of banking operations in India, what component is contributed; by your interpre-*t* 'fraud'?

SHRI VISHWANATH PRATAP GH: Sir, I do not think .the hon. [formed of what leiinition of fi

SHRI S. W. DHABE: Interpretation.

m VISHWANATH PRATAP t constitutes, fraud is: it withdrawal of deposit ac- Tguduknt encashment of fake de- aft_s and cheques misappropria- of funds by employees by fictitious personal accounts, cash shor- burglary, aeconw locMmenfary bills accompanied by fraudulent transport receipts shortage of .hypothecated goods agricultural advances against fake inflated md spurious ornaments* withdrawal against uncleared effects, hypothecation of the same goods to more than one bank.

I think the law has a very good definition of 'fraud' I don't think I should go into it. The lawyers would be knowing it. About the cost of banking operations, there i_s always room for improvement. I will not deny that. But also there is quite a bit of what we give to the priority sector. It is our social obligation and we will continue that. That also goe_s into the total cost of banking. That is for social benefit and we are committed to it. And that is why the $bank_s$ were nationalised.

SHRI DINKARRAO GOVINDRAO PAT1L; Mr. Chairman, Sir, there is discontent amongst the farmers and the poor workers in rural areas against the officials °f the lead banks for delaying $lo'an_s$ to them, for not fulfilling the demands of these officials. In my district, Sir, ail the villagers observed a 'banc" in prolest against the malpractices of the officials. I wart to know from the hon. ince Minister whether the Government will set up some independent ma-chinery to oversee the transaction of banks regarding loans, etc. in order to check the collusion between the 'dalals' and lea and bank officials, who misuse their position and amass $asset_s$ disproportionate to their known sources of income.

SHRI VISHWANATH PRATAP SINGH: Sir, recently my colleague, the Minister of State and my self and others made some surprise visits. I went to and U.P. We went there to find out exactly what is happen-at the district level. In our assess-two thiago emerged, One is the pro re_s that are there are too lengthy and that also lead to $delay_s$ frustration and also corruption. There. are four ie involved in loan-giving—the BDO-the Village Level Worker the Doctor and the Branch Manager. What we have done js in few districts we are experimenting it, instead of the tortuous procedure, we could ensure that once it is identifier then $_n$o further delays are made 'and the cash money is paid to the beneficiary and we do away that committee that is set up for purchasing buffaloes and other things, and the beneficiary be entitled to the loan straightway. We are trying to cut down the delay in the procedure, ^fter the experience in these districts we will be able to formulate further reform in this.